

Message Text

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12

ACTION FBO-01

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R 180810Z JUN 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3441

LIMITED OFFICIAL USE CANBERRA 3792

E.O. 11652: N/A

TAGS: ABLD, AS

SUBJ: CANBERRA HOUSING

REF: STATE 128643; CANBERRA 3671; CANBERRA OMS OF 11/27/72 AND
5/4/73

REFTEL PROPOSAL TO PLACE KINGSTON COMPOUND ON MARKET DOES NOT RPT NOT TAKE ACCOUNT OF FACT THAT GOA CONTROLS OUR ABILITY TO DISPOSE OF THIS PROPERTY AND WILL NOT PERMIT ITS SALE AT REDEVELOPMENT VALUE AS PER APPRAISALS CITED. PARAGRAPH 1-H OF OFFICIAL KINGSTON LEASE SPECIFIES "THAT THE LESSEE WILL NOT TRANSFER THE LEASE WITHOUT THE CONSENT OF THE "MINISTER". THE PRESENT MINISTER FOR CAPITAL TERRITORY HAS STATED THAT HE WILL UNDER NO CIRCUMSTANCES AUTHORIZE OUR DISPOSAL OF THE PROPERTY FOR RE-DEVELOPMENT PURPOSES. THE GOVERNMENT'S POSITION OF SOMEWHAT OVER A YEAR AGO, WHERE RE-DEVELOPMENT WAS THE ONLY OUT BEING CONSIDERED, HAS BEEN COMPLETELY REVERSED. IN ESSENCE, THE CURRENT GOVERNMENT HAS NOW EARMARKED OUR KINGSTON HOLDINGS FOR ITS OWN PERSONAL USE (THIS WAS MADE ABUNDANTLY CLEAR TO THE DCM DURING HIS PERSONAL MEETING WITH THE SECRETARY OF THE OFFICE OF THE CAPITAL TERRITORY AND CANBERRA CITY MANAGER) AND IN THE WORDS OF THE MINISTER "SPECULATIVE REDEVELOPMENT PROCEEDS WILL REVERT BACK TO THE PEOPLE OF AUSTRALIA WHERE THEY BELONG." THE LATTER ARE STRONG TERMS, BUT REFLECT THE PRESENT GOVERNMENT'S ATTITUDE TOWARDS THE MATTER. WE EXPECT THIS GOVERNMENT TO REMAIN IN OFFICE AT LEAST THREE YEARS.

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2. THE PENDING PURCHASE OF THE O'MALLEY PROPERTY IS NOT CONTINGENT ON IMMEDIATE DISPOSAL DECISION ON KINGSTON. THE BANK OF N.S.W. SIMPLY TIES PAYMENT FROM THE UNITED STATES GOVERNMENT TO THE EVENTUAL DISPOSAL PROCEEDS FROM OUR KINGSTON HOLDINGS AT SUCH TIME AS THEY EVENTUATE. THIS COULD BE SIX MONTHS OR SIX YEARS HENCE. AS CITED IN CANBERRA 3671, 8 1/2 PERCENT INTEREST EQUATES TO ROUGHLY A\$150 PER MONTH, MUCH LESS THAN WE COULD POSSIBLY SHORT-TERM LEASE ANY REASONABLE PROPERTIES AT THE COUNSELOR LEVEL. BELIEVE WE COULD NOW OBTAIN WRITTEN COMMITMENT FROM GOA THAT IT WILL PURCHASE KINGSTON COMPOUND AT PRICE EXCEEDING COST OF O'MALLEY PROPERTY.

3. SINCE STATE'S 128643 SEEMS BASED ON MISCONCEPTION THAT (1) U.S. GOVERNMENT AT LIBERTY TO DISPOSE OF KINGSTON AT WILL AND (2) SETTLEMENT WITH BANK OF NSW IS CONTINGENT ON EARLY OR IMMEDIATE DISPOSAL KINGSTON HOLDINGS. EMBASSY HAS PREVAILED UPON OWNER OF O'MALLEY PROPERTY TO EXTEND OPTION FOR ADDITIONAL FORTY-EIGHT HOURS. OUR OCCUPANCY OF THE LATTER PROPERTY COULD TAKE PLACE WITHIN TWO TO THREE WEEKS, ALLOWING FOR EARLY FY 75 ACTION ON MUCH NEEDED MOVE TO EMBASSY ANNEX QUARTERS (PROPERTY 03307).

4. CABLE REPLY REQUESTED URGENTLY.
GREEN

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